

Message Text

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DRAFTED BY NEA/ARP:FMDICKMAN:CEJ

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S/S - MR. LUERS

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P 072236Z MAY 74

FM SECSTATE WASHDC

TO AMEMBASSY LONDON PRIORITY

C O N F I D E N T I A L STATE 094282

EXDIS

FOL REPEAT JIDDA 2425 SENT ACTION SECSTATE INFO

USUN MAY 5

QTE

C O N F I D E N T I A L JIDDA 2425

EXDIS

E.O. 11652: GDS

TAGS: ENRG, SA

SUBJECT: MEETING OF SMALL GROUPS OF PRODUCERS AND CONSUMERS

REF A) JIDDA 692 (NOTAL); B) JIDDA 2093; C) STATE 92111

SUMMARY: MINISTER OF PETROLEUM YAMANI AND AMBASSADOR
DISCUSSED THE SUBJECT OF A SMALL INFORMAL MEETING OF
PRODUCER AND CONSUMER COUNTRIES. YAMANI SAID HE HAD
RAISED THE MATTER AT THE UN WITH THE FULL BACKING OF
KING AND SAG; IT WAS NOT RPT NOT A BAROODY INITIATIVE.
YAMANI HAS MODIFIED HIS VIEWS SOMEWHAT SINCE HE FLOATED IDEA
WITH ME IN FEBRUARY, AND IS ANXIOUS TO HAVE U.S.
VIEWS. END SUMMARY.

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1. I SPOKE WITH AHMED ZAKI YAMANI, MINISTER OF PETROLEUM TODAY (MAY 49 ABOUT HIS IDEA OF A MEETING OF A SMALL GROUP OF CONSUMERS WITH A SMALL GROUP OF PRODUCERS PRIOR TO A LARGER MEETING. HE SAID HE WAS SURPRISED THAT I MENTIONED IT AS HE HAD ASSUMED WE WERE NOT INTERESTED IN THE IDEA. HE HAD RAISED IT WITH ME EARLIER (REF A) AND HAD GOTTEN NO RESPONSE. HE ALSO RAISED IT IN HIS UN SPEECH TEN DAYS AGO AND THE BRITISH, FRENCH, VENEZUELAN AND OTHERS HAD ALL ASKED HIM FOR DETAILS. BUT THE AMERICANS, HE SAID, IGNORED IT. HE SAID THIS HAD CONFIRMED HIM IN HIS BELIEF THAT THE U. S. DID NOT LOOK FAVORABLY ON THE IDEA.

2. I TOLD HIM HIS CONCLUSION WAS NOT WITHOUT ITS OWN LOGIC BUT IT WAS NOT NECESSARILY TRUE. ANYTHING HE PROPOSED WOULD INTEREST US. WE HAD JUST NOT MADE UP OUR MINDS. I ASKED HIM WHETHER HE STILL WAS THINKING OF IT IN THE FEBRUARY TERMS.

3. HE SAID THAT HIS THINKING HAD EXPANDED; IN ADDITION TO THE U.S., EEC AND JAPAN REPRESENTING THE CONSUMERS, HE NOW THOUGHT THAT INDIA AND BRAZIL MUST BE ADDED. VENEZUELA AND INDONESIA WOULD NOW HAVE TO BE ADDED TO SAUDI ARABIA, IRAN AND ALGERIA REPRESENTING PRODUCERS.

4. YAMANI SAID THAT WHAT HE HAD PROPOSED IN THE PAST WAS QUIET OFF-THE-RECORD MEETING, BUT HE HAD SUBSEQUENTLY CONCLUDED THAT THIS WOULD NOT BE POSSIBLE. INTEREST IN THE SUBJECT IS TOO GREAT AND IT WOULD LEAK OUT; WE WOULD HAVE TROUBLE WITH OTHER NON-REPRESENTED CONSUMERS, AND SAUDI ARABIA WOULD HAVE TROUBLE WITH THE REST OF OPEC. HE STILL THOUGHT THE MEETING SHOULD BE HELD BUT IT WOULD HAVE TO BE BY OPEC INVITATION TO SELECTIVE CONSUMERS (PRESUMABLY OPEC WOULD MAKE ITS OWN SELECTION) OR BE SPONSORED BY THE UNITED NATIONS, ALTHOUGH HE WAS NOT SURE HOW THIS COULD BE WORKED OUT.

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5. HE SAID HE HAD RAISED THE MATTER WITH BAROODY AND THAT IT WAS NOT RPT NOT BAROODY'S INITIATIVE. IT WAS HIS IDEA, HE SAID, AND HE HAD THE FULL BACKING OF THE KING AND THE GOVERNMENT.

6. YAMANI IS LEAVING FOR LONDON ON MAY 5 AND WILL BE GIVING A SPEECH THERE ON MAY 8. HE SAID HE THOUGHT HE WOULD REFER AGAIN TO THIS IDEA. HE

ASKED IF HE COULD EXPECT AN OFFICIAL U.S. REACTION
WHEN HE GETS BACK FROM LONDON MAY 19. I ASSURED
HIM HE WOULD HAVE ONE.
AKXINS

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RUSH

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